DEFEND FORGOTTEN AMERICA

MADE IN AMERICA 2.0

Reclaiming Industrial Leadership:
A Blueprint for American Dominance

The United States faces a pivotal economic and national security inflection point. The decisions made over the next decade will determine whether the Nation sustains its position as a global industrial leader or remains vulnerable to strategic dependence on foreign supply chains.

For decades, U.S. economic policy prioritized global integration, lower consumer costs, and expanded trade. While these policies delivered short-term gains in efficiency and corporate profitability, they also accelerated the erosion of domestic manufacturing capacity, displaced millions of workers, and exposed critical supply chains to geopolitical risk. These consequences are now measurable and consequential.

As of 2025, the U.S. has regained momentum in reversing this trend, with the Department of Labor reporting more than 400,000 manufacturing jobs added since the start of the current administration and private-sector announcements exceeding $1.5 trillion in domestic manufacturing and industrial investment commitments.

Industrial decline has contributed to regional economic stagnation, reduced labor force participation, and increasing reliance on foreign sources—often geopolitical competitors—for essential goods, including pharmaceuticals, semiconductors, and medical equipment. Currently, approximately 70% of active pharmaceutical ingredients used in the United States are sourced from overseas, underscoring the scale of this dependency. The COVID-19 pandemic underscored these vulnerabilities, revealing the Nation's limited capacity to produce even basic protective supplies domestically.

This report presents a comprehensive, policy-driven strategy to reverse these trends through the targeted reshoring of manufacturing, research and development, and other strategic industries to the United States and its territories, with particular emphasis on Puerto Rico. The objective is to restore industrial capacity, strengthen supply chain resilience, and enhance long-term economic competitiveness.

HOW WE GOT HERE

The erosion of U.S. industrial capacity was not inevitable; it was the result of cumulative policy choices. Trade liberalization, the expansion of global supply chains, and incentives that favored capital mobility encouraged firms to offshore production in pursuit of lower costs. Agreements such as NAFTA and the establishment of the World Trade Organization accelerated this transition. While beneficial for certain sectors, these frameworks did not adequately account for long-term impacts on domestic manufacturing, workforce stability, or national security.

> By the early 2020s, the United States had lost nearly 5 million manufacturing jobs from its peak, with many regions experiencing persistent economic dislocation that continues to impact labor force participation today.

A particularly consequential policy decision was the phased elimination of Section 936 of the Internal Revenue Code in 1996. Section 936 had positioned Puerto Rico as a global leader in pharmaceutical and chemical manufacturing, supporting tens of thousands of jobs and anchoring a robust domestic production base. At its height, Puerto Rico supplied a significant share—estimated at roughly one-quarter—of pharmaceutical products consumed in the U.S. market. Its repeal triggered a sustained outflow of manufacturing activity to lower-cost foreign jurisdictions. The result was not only economic contraction in Puerto Rico, but also a broader loss of U.S.-based pharmaceutical production capacity, contributing directly to current reliance on foreign suppliers for critical inputs and finished products.

THE STRATEGIC IMPERATIVE FOR RESHORING

Reshoring is no longer a discretionary economic policy; it is a strategic requirement. From a national security perspective, reliance on foreign supply chains in critical sectors introduces systemic risk. In periods of geopolitical conflict or global disruption, access to essential goods cannot be guaranteed. Recent federal assessments in 2025 indicate that supply chain disruptions tied to geopolitical instability increased input costs for U.S. manufacturers by nearly 18% year-over-year. From an economic standpoint, reshoring enhances supply chain stability, reduces exposure to external shocks, and mitigates inflationary pressures associated with global volatility.

Reshoring also offers a pathway to restoring middle-class employment, particularly in regions that have experienced long-term industrial decline. Manufacturing has historically provided stable, well-compensated jobs that support upward mobility and regional economic health.

Since early 2025, real wage growth in manufacturing has outpaced inflation, reflecting renewed demand for skilled industrial labor. In the context of intensifying global competition, particularly with state-directed economies, reshoring is essential to maintaining U.S. technological and industrial leadership.

PUERTO RICO AS A STRATEGIC PLATFORM

Puerto Rico represents a uniquely positioned asset within a national reshoring strategy. As a U.S. territory, it operates fully within federal legal and regulatory frameworks, eliminating many of the risks associated with overseas production, including intellectual property exposure and geopolitical instability. Its geographic proximity to the mainland United States further enhances supply chain reliability while reducing transportation costs and delivery timelines. Shipping times from Puerto Rico to the mainland are typically more than 50% faster than from major Asian manufacturing hubs, improving responsiveness and reducing logistical risk.

The island's workforce remains a significant competitive advantage. Puerto Rico offers a highly skilled, bilingual labor pool with extensive experience in regulated industries, particularly pharmaceutical manufacturing. The island continues to graduate thousands of STEM students annually, supporting a steady pipeline of technical talent – including some of the best engineers in the country. This existing human capital reduces both the time and cost required to scale production relative to offshore alternatives. In addition, Puerto Rico retains a legacy industrial base, including manufacturing facilities and industrial parks, that can be modernized and reactivated more quickly than new developments elsewhere.

With targeted alignment between federal and territorial policy—particularly in areas such as permitting, energy reliability, and investment incentives—Puerto

Rico can be repositioned as a premier nearshore manufacturing hub for strategic industries. Addressing ongoing energy reliability challenges, estimated to cost the local economy billions annually, will be essential to unlocking this potential. Reestablishing its manufacturing capacity is not solely an economic development objective but a national security priority.

PRIORITY INDUSTRIES FOR RESHORING

Reshoring efforts should prioritize sectors with the highest strategic and economic impact. The pharmaceutical sector represents an urgent opportunity, as the United States remains heavily dependent on foreign sources for active pharmaceutical ingredients and essential medicines.

> Fewer than 10% of generic drugs consumed in the U.S. are fully manufactured domestically, highlighting a critical vulnerability. Rebuilding domestic production capacity is critical to ensuring supply chain security and public health resilience.

Semiconductors and advanced technologies also represent a core priority. As foundational components of modern electronics, defense systems, and emerging technologies, semiconductors are indispensable to both economic competitiveness and national security. Since 2025, multiple new semiconductor fabrication projects have been announced or advanced in the United States, supported by federal incentives and private-sector investment. Expanding domestic fabrication and research capabilities is essential to sustaining technological leadership.

Energy production and critical materials processing constitute another strategic area. Despite abundant domestic resources, regulatory and economic barriers have constrained development. In 2025, the United States reached record levels of energy production, strengthening the economic case for expanded domestic industrial activity. Increasing domestic extraction and processing capacity would reduce dependence on foreign sources and strengthen industrial independence. More broadly, advances in automation and manufacturing technologies are reducing the cost advantages of offshore production, making it increasingly viable to reshore a wide range of industrial and consumer goods.

POLICY FRAMEWORK

Achieving large-scale reshoring will require a coordinated federal policy framework. Tax policy must play a central role, including the modernization of place-based incentives such as a revised Section 936 framework, alongside reshoring tax credits and permanent full expensing of capital investments. Recent tax and investment policies have already contributed to a surge in domestic capital expenditures since 2025. These measures would materially improve the financial case for domestic production.

Regulatory reform is equally critical. Streamlining permitting processes for manufacturing and infrastructure projects would reduce uncertainty and accelerate investment timelines, while maintaining appropriate environmental and safety standards.

> Recent administrative actions have reduced permitting timelines for major projects by as much as 30%, improving speed-to-market for new facilities.

Trade policy must also be aligned with reshoring objectives through targeted enforcement mechanisms that address unfair foreign practices, as well as procurement policies that prioritize domestically produced goods.

Workforce development represents a foundational component of any reshoring strategy. Expanding vocational training, apprenticeships, and industry-aligned education programs will be necessary to ensure that labor supply meets the demands of reshored industries. Workforce initiatives expanded in 2025 are beginning to address critical skills gaps in manufacturing and skilled trades. At the same time, infrastructure investment will be required to support industrial growth. Modernizing transportation, energy, and digital systems will reduce costs and improve efficiency. In Puerto Rico, particular emphasis should be placed on energy resilience and port infrastructure to enable reliable, large-scale manufacturing operations.

IMPLEMENTATION ROADMAP

Effective implementation will require a phased approach that balances urgency with long-term sustainability. In the near term, policymakers should prioritize the enactment of targeted tax incentives, the identification of critical industries, and the initiation of coordinated federal and territorial strategies, particularly in Puerto Rico. These actions will establish clear market signals and catalyze private-sector investment.

Over the medium term, efforts should focus on scaling domestic manufacturing capacity, expanding workforce development systems, and accelerating infrastructure investments. This phase will require sustained coordination across federal, state, and territorial governments, as well as close partnership with industry stakeholders.

In the long term, the objective is to achieve supply chain resilience in critical sectors and to position the United States and its territories as global leaders in advanced manufacturing and innovation. This will require continued policy alignment and a sustained commitment to maintaining a competitive domestic investment environment.

CONCLUSION

The reshoring of American industry represents both a strategic necessity and a significant economic opportunity. Past policy decisions, including the dismantling of Section 936 and the expansion of global supply chains without sufficient safeguards, have created vulnerabilities that must now be addressed through deliberate and coordinated action.

Encouragingly, early economic indicators since 2025 show renewed momentum in domestic manufacturing, investment, and job creation, suggesting that a sustained policy focus on reshoring can deliver measurable results.

A comprehensive reshoring strategy—grounded in tax policy, regulatory reform, workforce investment, and infrastructure development—can restore U.S. industrial capacity, strengthen national security, and expand economic opportunity. States and U.S. territories like Puerto Rico should be central to this effort, serving as high-value platforms for rapid industrial expansion.

The policy pathway is clear. The remaining challenge is execution at the scale and speed required to secure long-term American economic resilience.